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Ladas and Parry
5670 Wilshire Boulevard
Suite 1200
Los Angles, CA 90036-5679

#23

In re Application of :
Sau-Gee Chen, et al :
Application No. 08/510,740 : Letter
Filed: August 2, 1995 :
For: METHOD FOR FINDING QUOTIENT IN :
A DIGITAL SYSTEM :
:

The examiner in the application has requested reconsideration of the Board decision mailed August 15, 2001, for the reasons set forth in the attached letter from the Office of the Deputy Commissioner for Patent Examination Policy.

In accordance with MPEP 1214.04, Appellant is hereby gives a period of one month to file a reply. At the conclusion of the one month period, the application along with any reply will be forwarded to the Board.


John J. Love, Director
Technology Center 2100
703 306-5484



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Commissioner for Patents
Washington, DC 20231
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DATE: September 28, 2001

TO: Bruce H. Stoner
Chief Administrative Patent Judge

FROM: Stephen G. Kunin *Stephen G. Kunin*
Deputy Commissioner for Patent Examination Policy

SUBJECT: Request for Reconsideration/Clarification – Ex parte Sau-Gee
Chen and Chieh-Chih Li, Appeal No. 1997-3424

This is a request for reconsideration and/or clarification of the Board of Patent Appeals and Interference's decision in the above-identified ex parte appeal. The basis for the request is that the Board committed reversible error in that it did not apply the correct legal standards in its analysis of the rejection of method claims under 35USC101.

This case was remanded to the examiner on February 28, 2000, to consider the effect of the *State Street Bank vs. Signaure Financial Group, Inc.* decision. The examiner found that the claims under appeal did not produce a "useful, concrete and tangible result" and thus again held the claims to be non-statutory. The Board's decision held that "a method being run on a computer inherently has practical utility and represents more than a mere abstract idea. An abstract idea is no longer abstract when it becomes tied to implementation or a computer." See page 6. The Board cited no authority nor provided any further rationale in support of this conclusion. Furthermore, the Board's decision lacks any analysis of the claimed invention under the principles clearly established in *State Street*. The decision in *State Street* did not turn on whether a computer was recited in the claim. In fact, the court went to great lengths to stress that whether the claim was directed to a machine or a process did not affect the analysis. If one were to accept the proposition as stated by the Board there would have been no need for the *State Street* decision in the first place because there was no dispute that the invention used a programmed computer.

As made clear in the *State Street* decision, the invention there constituted a practical application of a mathematical algorithm because it produced a useful, concrete, and tangible result. See Page 1601. Further the court said, "For purpose of our analysis, as noted above, claim 1 is directed to a machine programmed with the Hub and Spoke software and admittedly produces a 'useful concrete, and tangible result...' This renders it statutory subject matter, even if the useful result is expressed in numbers, such as price, profit, percentage, cost, or loss."

The decision in *AT&T Corp. v. Excel Communication Inc.* 50 USPQ2nd 1447 also makes it clear that the issue is not whether or not the process is performed by a computer but rather whether or not the process produces a useful, concrete, tangible result. The court stated "In contrast, our inquiry has focused on whether the mathematical algorithm is applied in a practical manner to produce a useful result. *In re Grams* is unhelpful because the panel on that case did not ascertain if the end result of the process was useful, concrete, and tangible." Likewise the Board's decision in this case is also flawed for its failure to analyze whether or not the end result of the present process was useful, concrete, and tangible.

If one were to accept the Board's contention that an abstract idea is no longer abstract when it becomes tied to implementation on a computer then a claim directed to solving the equation $x = 2y$ becomes statutory if solved by a programmed computer. Also the Board's decision would end the inquiry with the determination of whether or not the method is run on a computer. This would fail to address the crucial question as clearly posed in *State Street* and *AT&T*; that is whether or not the process produces a useful, concrete, and tangible result. In the specific case at hand, the computer implemented process merely performs an arithmetic operation, i.e. division, with no indication as to the significance of the calculation, *c.f., Arrhythmic Research Tech. v. Corazonix Corp.*, 958 F. 2d 1053, 1057, 1059, 22 USPQ2d 1033, 1034, 1638 (Fed. Cir. 1992). This can hardly be said to produce a concrete, useful and tangible result. The claim taken as a whole preempts the algorithm. The process is not confined to any particular use of the calculated quotient.

For the reasons set forth above, it is requested that the Board reconsider its decision and apply the correct legal analysis of the claim as set forth in *State Street*.